

ILLINOIS COMMERCE COMMISSION

DOCKET 16-_____

DIRECT TESTIMONY

OF

STEPHANIE R. GENTRY

Submitted on Behalf

Of

**Ameren Illinois Company
d/b/a Ameren Illinois**

May 20, 2016

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8 **INTRODUCTION**

9 **A. Witness Identification**

10 **Q. Please state your name and business address.**

11 A. My name is Stephanie R. Gentry. My business address is 370 S. Main Street, Decatur,
12 Illinois 62523.

13 **Q. By whom are you employed and in what capacity?**

14 A. I am a Regulatory Specialist in the Regulatory, Policy & Rates Department of Ameren
15 Illinois Company d/b/a Ameren Illinois (Ameren Illinois, AIC, or the Company).

16 **Q. Please describe your educational background and relevant work experience.**

17 A. See my Statement of Qualifications, attached as an Appendix to this testimony.

18 **Q. Please describe your duties and responsibilities as a Regulatory Specialist.**

19 A. My duties and responsibilities relating to the gas and electric rates of AIC include
20 developing rate analyses and cost of service studies, developing and interpreting gas and electric
21 tariffs, and performing other rate-related projects as assigned.

B. Purpose, Scope and Identification of Exhibits

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my direct testimony is to explain the mechanics of the Utility Consolidated Billing (UCB) and Purchase of Receivables (POR) (collectively UCB/POR) Program Charge and to reconcile the estimated to actual experience of uncollectible costs relating to the UCB/POR Program for the period beginning January 1, 2015 and ending December 31, 2015. The Program Charge is calculated pursuant to Ameren Illinois' electric tariffs.¹

Q. What is the purpose of the UCB/POR Program?

A. Utility consolidated billing with the purchase of receivables by the utility is a type of "Retail Access" program that is designed to promote the development of meaningful market choices for electric consumers in states that have "unbundled" electric commodity services from electric delivery. The "utility consolidated bill" allows third-party electricity providers to place their power supply charges directly on AIC's bill. The "purchase of receivables" enables a third-party supplier to sell the accounts receivables associated with supply contracts to the utility, who thereafter handles billing. In Illinois, Section 16-118 of the Public Utilities Act (the Act), 220 ILCS 5/1 *et seq.*, was amended effective November 9, 2007 to add language directing electric public utilities with more than 100,000 customers to file tariffs pursuant to Article IX of the Act establishing UCB and POR services. Subsection (c) of Section 16-118 relates to POR service, which requires an electric utility to provide retail electric suppliers (RES) with the option to have the electric utility purchase their receivables for power and energy provided to residential and

¹ If AIC had any Ongoing Administrative Costs, these costs would be reconciled as well. However, AIC had no such costs in the current reconciliation period.

certain² non-residential retail customers. The purchase of these receivables are net of a discount rate that is based on the electric utility's historical bad debt levels, any start-up costs, and on-going administrative costs associated with the program. (Docket 08-0619, which approved AIC's UCB/POR tariffs, provided for a "fair cost allocation adjustment" that was also added to the Discount Rate.) Subsection (d) of Section 16-118 provides for UCB where the electric utility must provide the RES with the option to have the electric utility produce and provide single bills to retail customers for both the electric power and energy provided by the RES and the delivery services (DS) provided by the electric utility. In 2008, Ameren Illinois filed tariffs to comply with 220 ILCS 5/16-118(c) and to allow for the initiation of a UCB/POR Program in Ameren Illinois' service territory.

Q. Have the structural components of AIC's UCB/POR Program changed since the last reconciliation?

A. Yes. AIC's tariffs previously allowed AIC to recover program implementation costs, previously referred to as Start-Up Costs.³ After issuance of the Order related to the 2014 Program Year reconciliation, issued in Docket 15-0258, AIC deleted reference to the obsolete components of the UCB/POR Program, including Start-Up Costs; as such, the reconciliation now includes only uncollectible cost and Ongoing Administrative Costs, if any.

² Non-residential customers with a non-coincident peak demand of less than 400 kW are eligible to be included in the UCB/POR Program.

³ As agreed upon in workshops prior to program implementation, 95% of Start-Up Costs were allocated to the UCB portion and 5% to POR. The 95% UCB portion was then assigned 75% to Eligible Customers and 25% to RES. The 75% assigned to Eligible Customers was recovered via the Program Charge outlined in AIC's Supplemental Customer Charges tariff. The 25% of the UCB portion assigned to RES and the 5% POR portion of the Start-Up Costs were recovered through the Discount Rate applied to purchased receivables, which had also been outlined in AIC's Supplier Terms and Conditions.

Q. Are you sponsoring any exhibits with your testimony?

A. Yes. I am sponsoring Ameren Exhibit 1.1, which consists of the reconciliation of uncollectible costs, any ongoing costs and cumulative prior year over- or /(under)- recoveries resulting from the UCB/POR Program.

UCB/POR PROGRAM CHARGE

Q. What is the UCB/POR Program Charge?

A. This charge is a charge to all delivery service customers of Ameren Illinois eligible to take service pursuant to 220 ILCS 5/16-118. It is set forth in AIC's Supplemental Customer Charges tariff. It is collected as a supplemental customer charge that has ranged between \$0.03⁴ and negative \$0.11. In my testimony, I provide support for the true-up of uncollectible expenses associated with UCB/POR Eligible Customers to the uncollectible amount withheld vis-à-vis the discount rate for the 2015 Program Year. The design and function of this Program Charge is a result of the wording of Section 16-118(c) as well as the outcome of the Office of Retail Market Development workshop process and docket that followed passage of this UCB/POR enabling legislation. The law, policy, and litigated tariff docket (Docket 08-0619 (cons.)) defined what the Program Charge came to be.

Q. Please provide an overview of the charges resulting from the UCB/POR Program Charge.

A. The UCB portion of the UCB/POR Program Charge consists of the amount Uncollected Receivables recovery variances (UR) and Ongoing Administrative Cost recovery variance (OAR). The UCB/POR Program Charge also includes any remaining prior year balances of the Automatic Reconciliation Adjustment (ARA) and any Ordered Reconciliation Adjustments

⁴ From October 18, 2009 through May 2012, the Program Charge was fixed at \$0.03.

(ORA). The sum of these components are then divided by Number of Eligible Customers (EC) for the corresponding period of the UCB/POR Program Charge calculation and then divided by six (6) months for the 2016 recovery period, which begins in July and ends at year end, December 31, 2016.

Q. Please summarize how the UCB/POR Program Charge has changed since becoming effective in October 2009.

A. From 2009 through May 2012, the program charge was \$0.03. The Program Charge increased to \$0.06 per eligible customer account from June 1, 2012 through April 30, 2013. Beginning May 1, 2013 and continuing through May 31, 2014, the Program Charge was \$0.05. These revisions to the Program Charge came as a result of updated information relating to forecasted customer count and switching activity, along with inclusion of the first reconciliation under-recovery. After the second reconciliation, the Program Charge was revised to negative \$0.07—starting June 1, 2014 and continuing through October 17, 2014—to include the over-recovery for that period. The Program Charge was then revised on October 18, 2014 to negative \$0.11. On June 1, 2015, the Program Charge was revised to negative \$0.09 following reconciliation for Program Year 2014.

Q. Please explain Uncollected Receivables, Factor UR.

A. Factor UR is comprised of the Actual Uncollected Receivables (AUR) for the UCB/POR Program, which is equal to the write-off amounts for the portion of final bills associated with the RES receivables after all collection processes have been exhausted, less the dollar amount of uncollectibles included in the actual discounts taken in the purchase of receivables during the reconciliation period “APRR” as outlined in AIC’s Supplemental Customer Charges tariff, Sheet

104 No. 38.006. Any resulting ARA and ORA from Factor UR will be added or subtracted with
105 interest.

106 **Q. How are the reconciliations for Factor UR to be handled?**

107 A. Any variance plus interest relating to the UR Factor between the projected and actual cost
108 recovery is to be applied to the UCB/POR Program Charge. The variance for this Program
109 Year's reconciliation will be included in the Program Charge effective for the July 2016 billing
110 period.

111 **Q. Was the UR Factor included in AIC's update to the UCB/POR Program Charge**
112 **effective beginning in July 2016?**

113 A. Yes. AIC included an over-recovery of \$795,092, meaning the amount collected from
114 RES through the Discount Rate for this component exceeds the amount of actual uncollectible
115 expense experienced from POR customers during the reconciliation period.

116 **Q. Does AIC have any Ongoing Administrative Costs as allowed in the UCB/POR**
117 **Program Charge?**

118 A. No, AIC has incurred no incremental Ongoing Administrative Cost (OAR). This is
119 primarily because Ameren Illinois made changes to its billing system that automated the
120 UCB/POR processes and relied upon existing administration resources to manage the process.
121 Ameren Illinois maintains the responsibility of managing customer billings under UCB/POR; the
122 only difference is the inclusion of third-party supply charges. If AIC did incur incremental
123 Ongoing Administrative Costs at some future time, the difference between the actual expense
124 and amounts recovered for OAR through the UCB/POR Discount Rate would be included in the

total reconciliation amount of the UCB/POR Program Charge through the ARA plus interest and any ORA plus interest.

UCB/POR DISCOUNT FACTOR

Q. How is the UCB/POR Discount rate utilized?

A. The Discount Rate, (UDR) is a percentage factor applied to purchased receivables whereby the RES receives payment based on face value of the receivable, less the amount of the receivable, times the Discount Rate. The UDR components are the sum of the uncollectible component (UDC) and Ongoing Administrative Costs (OAdm). The Discount Rate tariff provisions are contained in the Supplier Terms and Conditions tariff, Sheets 5.020 through 5.022.

Q. Please explain how UDC is determined.

A. UDC is based on the division of total power-supply-related Uncollectible expense for all of AIC's UCB/POR Program Eligible Customers (RCU) by power-supply-related Total Revenue (TR) for the Company provided power supply (including the amount of RCU). See AIC's Supplier Terms and Conditions tariff, Sheet No. 5.021. The values used in this component are consistent with the Company's most recent rate case conclusions. The UDC portion of the Discount Rate was initially established to be 0.82% emanating from Docket 07-0585 (cons.) and changing to 1.06% following conclusion of Docket 09-0306 (cons.) effective beginning August 1, 2010 through April 11, 2014. The UDC portion of the Discount Rate was revised to 0.79% effective April 12, 2014 and throughout 2014. The UDC portion of the Discount Rate was then revised to 1.15% in January 2015. Effective January 2016, the Discount Rate is 1.22%.

Q. Since AIC has determined it has incurred no incremental Ongoing Administrative Costs in the UCB/POR Program Charge, the discount rate assumes zero, correct?

A. Correct. If the factor were to be used, OAdm would be calculated by dividing Ongoing Administrative Costs (OAC) by Estimated UCB/POR Program Receivables (EPR) purchased from the RES; however, this factor has not been used, nor is it expected to be used. Accordingly, there is no reconciliation for this component. See AIC's Supplier Terms and Conditions tariff, Sheet No. 5.022.

UCB/POR RECONCILIATION

Q. Please explain the reconciliation of the UCB/POR uncollectible costs.

A. The Supplier Terms and Conditions tariff addresses the Uncollectibles Costs Reconciliation at Sheet 5.025. Any positive or negative variance between the Actual Uncollected Receivables experienced from the UCB/POR Program and the dollar amount of uncollectibles calculated using the Uncollectible cost component of the UCB/POR discount rate and included in the actual discounts taken in the purchase of receivables will be recovered from or credited back to Eligible Customers via Factor UR of the UCB/POR Program Charge. The actual annual uncollected receivables related to the purchase of RES receivables experienced will be tracked each calendar year and compared to the dollar amount of uncollectibles calculated using the Uncollectible cost component of the UCB/POR Discount Charge and included in the actual discounts derived from the purchase of receivables. As stated above, the uncollectible expense for the 2015 Program Year reflected an over-recovery of \$795,092, which AIC included in the effective July 2016 UCB/POR Program Charge update. The development of Factor UDC is presented on Ameren Exhibit 1.1, page 3 of 4.

Q. Did the Company include Factor ORA in the development of Program Year 2014?

A. No, AIC's reconciliation as filed for Program Year 2014 did not include any ordered reconciliation, i.e. Factor ORA.

Q. Please explain how AIC has modeled the recoveries or refunds from Factor ARA, which flows through the Program Charge?

A. The Program Charge contains both the uncollectible recovery for the Program Year 2015 from the Eligible Customers and Factor ARA. The cumulative over-recovery of Factor ARA at December 31, 2015 is \$30,194, which will be added to the 2015 Program Year Factor UR to derive a total Factor ARA. The development of the Program Year and cumulative Factor ARA is presented on Ameren Exhibit 1.1, page 4 of 4.

Q. Please summarize the over- or under-recovery determined by AIC for the Reconciliation Period.

A. AIC over-recovered its UCB/POR Program costs, as shown in the below table and on Ameren Exhibit 1.1 page 1 of 4.

	2015 Reconciliation
Over-recovery - Uncollectible Cost - Factor UR	\$ 795,092
Over-recovery -Factor ARA	\$ 30,194
Ongoing Administrative Cost - Factors OAR and OAdm (1)	\$ -
ARA Component	\$ 825,286
Interest (2)	\$ 2,065
Total ARA Component	\$ 827,351

Q. Please provide the over-recovery for this Reconciliation Period as included in AIC's UCB/POR Program Charge Information Filing update effective July 2016.

A. The table below reflects the components of the over-recovery of the 2015 Program Year, which was included in the effective July 2016 information filing along with the impact on the Program Charge. The over-recovery of \$827,351 (including interest⁵), which will be refunded over a six month period (July 2016 through December 2016) results in a negative Program Charge of \$0.11 cents as shown below.

	2015 Reconciliation
Over-recovery - Uncollectible Cost - Factor UR	\$ 795,092
Over-recovery -Factor ARA	\$ 30,194
Ongoing Administrative Cost - Factors OAR and OAdm (1)	\$ -
ARA Component	\$ 825,286
Interest (2)	\$ 2,065
Total ARA Component	\$ 827,351
Forecasted Eligible DS Customers	1,222,056
Reconciliation Period - 2015 - UCB/POR Program Charge (3)	\$ (0.11)

ANNUAL REPORTING

Q. Is the Company required to prepare annual reports summarizing the UCB/POR Program Charge and Discount Rate?

A. Yes, the annual reports present the results of the UCB/POR Program Charge and Discount Rate internal audits required by AIC's Supplemental Customer Charges tariffs (Sheets 38.007 and 38.008), along with the operation of the reconciliation mechanism for the previous year. These reports are submitted to the ICC Staff in an information filing.

⁵ See Ameren Exhibit 1.1, Page 2 of 4

199 **requirements?**

201 an informational filing, the receipt of which was acknowledged on September 29, 2015.

202

203 Q. Does this conclude your direct testimony?

204 A. Yes, it does.

APPENDIX

STATEMENT OF QUALIFICATIONS
STEPHANIE R. GENTRY

My educational background consists of a Bachelor of Science Degree from Millikin University. I began employment with Illinois Power Company and then became an employee of Ameren Corporation upon the acquisition of Illinois Power Company by Ameren in September 2004. Beginning in 2009, I became an employee of AmerenIP. I then became an employee of AIC on October 1, 2010 upon the merger of the three AIC legacy companies.

I have performed various duties as a Customer Service Representative which included, answering customer calls, being a member of the Proactive Credit team, and a member of the Credit & Collections team. The majority of my time in Customer Service was spent on the Credit & Collections team where I was responsible for several assignments over the years. Assignments included processing bankruptcies, serving as a liaison to Low Income Home Energy Assistance Program ("LIHEAP"), Percentage of Income Payment Plan ("PIPP"), and other Energy Assistance agencies, overseeing the Medical Equipment Registry, and reviewing credit eligibility for customers entering into a System Extension Guarantee Agreement ("SEGA") or Line Extension Contract. In 2013, I was promoted to a Customer Service Specialist position where I served as a Subject Matter Expert on the Advanced Metering Infrastructure ("AMI") Implementation Team.

I transferred to AIC's Regulatory Policy and Rates Department in March, 2014, as a Rate Specialist. My duties and responsibilities relating to the gas and electric rates of Ameren Illinois have included developing rate analyses, costs of service studies, development and interpretation of gas and electric tariffs, and other rate or regulatory projects as assigned.